

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
August 15, 2013

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Wednesday, August 15, 2013, at 3:00 p.m. in the second floor conference room of the Fire Department Administrative Building at 204 S. First Street, Rockford, Illinois, pursuant to notice.

CALL TO ORDER

The meeting was called to order at 3:05 p.m. Upon a call of the roll, the following answered:

ATTENDED: Alan Granite, President
Tracy Renfro, Secretary

Chris Black, City Finance Director

ABSENT: Jim Strey, Trustee

Michael White, Trustee

STAFF: Ted Dutkiewicz
Linda Wlaznik, Pension Investment Accountant

Judi Yehling, Recording Secretary

GUESTS: Attorney Shawn Flaherty, Ottosen Britz

PUBLIC COMMENT -- None

I. MINUTES

- The July 18th minutes were presented. On page 6 of the minutes the correct amount for the City's contribution requirement should read \$6,671,962.00. Alan Granite made a motion to approve the minutes as corrected and Tracy Renfro seconded the motion. A roll call vote was taken:

Ayes:	Alan Granite	Chris Black
	Tracy Renfro	
Absent:	Jim Strey	Michael White
Nays:	None	

II. APPROVAL OF APPLICATIONS/PENSION CHANGES

- Mike Samsel is due for his first increase of \$117.27 on August 1, 2013. His new monthly pension will be \$4,026.20 or an annual pension of \$48,314.40. Alan Granite made a motion, seconded by Chris Black, to approve pension increase as stated. A roll call vote was taken:

Ayes:	Alan Granite	Chris Black
	Tracy Renfro	
Absent:	Jim Strey	Michael White
Nays:	None	

III. DISBURSEMENTS

- Chris Black made a motion to approve the August payroll of \$1,226,203.35. Tracy Renfro seconded the motion. A roll call vote was taken:

Ayes:	Alan Granite	Chris Black
	Tracy Renfro	
Absent:	Jim Strey	Michael White
Nays:	None	

- Invoices totaling \$60,936.04 were presented as shown in the attached warrant packet. Tracy Renfro made a motion to approve the invoices as presented in the warrant packet. Chris Black seconded the motion. A roll call vote was taken:

Ayes:	Alan Granite	Chris Black
	Tracy Renfro	
Absent:	Jim Strey	Michael White
Nays:	None	

IV. CASH & INVESTMENTS

- Ted Dutkiewicz presented Marquette Associates' Pension Fund Report for July 31, 2013:
 - The Fund is up 2.6% for the month with a YTD return of 8.1%.
 - Currently the Fund is at \$1.46 million, making it up 5% over last year. The \$1 million insurance payout really helped the Fund.
 - Fixed income is still facing some issues. Equities have been up the last three to four months but have leveled off a bit.
- Cash needs for the month are \$850,000, and the recommendation is to take \$425,000 from Fiduciary, which still holds a large amount of cash, and \$425,000 from the Vanguard Institutional Index fund, both of which funds are over their target allocation. Alan Granite made a motion, seconded by Tracy Renfro, to take \$425,000 from Fiduciary and \$425,000 from the Vanguard Institutional Index fund to meet cash needs for the month. A roll call vote was taken:

Ayes:	Alan Granite	Chris Black
	Tracy Renfro	
Absent:	Jim Strey	Michael White
Nays:	None	

- Ted Dutkiewicz passed out the report on the status of the Fund as of July 31, 2013:
 - The report showed total current market value of the Fund was \$143.59 million, up 4.958% year to date. The equity portion is up 24.287%, and fixed income is down 18.608% at 34.944% of the total Fund.
 - Total annual return is at 13.96%; equity annual return is 40.30%, a fixed income annual return of -20.62%, and a total income return of 5.36%.
- Records of purchases and sales were distributed.

Alan Granite made a motion, seconded by Tracy Renfro, to approve the purchases and sales for the month. A roll call vote was taken:

Ayes:	Alan Granite	Chris Black
	Tracy Renfro	
Absent:	Jim Strey	Michael White
Nays:	None	

V. OLD BUSINESS

- Linda Wlaznik reported that they are in receipt of the response letter and they're working on their final report.

- Ted Dutkiewicz passed out copies of the Actuarial Report from Tim Sharpe. The only difference on this report from what was discussed last month is the required contribution went up to \$6,672,686, a little bit higher than what was given last month (pg. 4). Discussed when to set up a meeting/conference call with Sharpe to go over the report. Will check on his availability for September. Chris Black said that a report was provided to the City Aldermen on what the contribution was indicating to them, and that there would be some further discussion about long-term funding as part of the budget process.

Also had a discussion about the “City normal cost.” Ted Dutkiewicz explained that there are a couple calculations that are included. Normal costs is the portion of the required contribution that looks at the current employees with their salary level and calculates the pension cost on those people. Then based on the unfunded liability, the actuary calculates what the cost is of recovering that cost. The normal cost is based on if there was 100% funding.

Question was also raised about the new mortality tables. The American Academy of Actuaries said that the new mortality tables must be used. So the City Finance Department stayed with the PUC calculation and 90% funding but used the new mortality table, increasing the City’s contribution by about \$600,000.

- Discussion of policies and forms were tabled until next month.
- Ted Dutkiewicz indicated he has heard nothing more from Putnam after sending the letter in July requesting the lump sum payout for the death benefit lost when Elden Raasch reached 90. The choice was a monthly payment for 20 years certain or a lump sum payment of approximately \$56,000 which the Board opted for. If he doesn’t hear back soon, he will send another letter.
- The annual affidavits were sent to pensioners and beneficiaries with a due date of August 31st. Linda Wlaznik will present a list of those who haven’t turned in their affidavits at the next meeting so the Board can decide whether to suspend their pension.
- Discussion on the meeting date and time and coinciding the dates with those for the Police Pension Board was put off for the time being as police have moved their meetings around for the next few months. It was decided to go back to meeting on Wednesday, September 18th at 8:30 a.m. Alan Granite made a motion, seconded by Chris Black, to hold the September meeting on the third Wednesday of the month, September 18th, at 8:30 a.m. A roll call vote was taken:

Ayes:	Alan Granite	Chris Black
	Tracy Renfro	
Absent:	Jim Strey	Michael White
Nays:	None	

- **CLOSED MEETING** – None required.
- Training was discussed: Tracy Renfro has met his training requirements for the year but Chris Black still has training to complete.

VI. NEW BUSINESS

- Discussed the situation of former Firefighter Brian Watkins who was accused and convicted of a crime tied to his employment with the fire department. This being the case, he is not entitled to a pension but he is still entitled to a refund without interest of his paid-in contributions. Attorney Flaherty cautioned that Watkins would need to be invited to the hearing for denying his pension and he would have 35 days from the date of the hearing to appeal the decision. Flaherty also indicated that it is the Board’s decision as to whether they contact Watkins or wait for him to contact the Board and apply for the refund.

- Discussion was held on the issue of what is the taxable portion of a disability pension which was raised due to the case of a current pensioner who is being audited by the IRS. Linda Wlaznik would like to come to an agreement with the Police Attorney and IPPFA on the ruling. The disability is a workmen's comp issue and not taxable. The original disability pension is 65% and we've considered it non-taxable but when they reach age 60, the 3% increases put the pension over the 65% threshold making the increases taxable, i.e., Finance has been considering anything over 65% as taxable. The individual challenging the whole situation is taking the position that increases are not taxable and that 65% always remains untaxable. Ted Dutkiewicz said there is nothing clear and concise on how to determine what's taxable or how to calculate. The individual in question has an interview with the IRS, and we need to determine what portion, if any, of the disability pension is taxable but this will be a long-term issue and not decided before his meeting with the IRS. Attorney Flaherty suggested just considering a continuation of the current practice for now. Ted Dutkiewicz would like to get the DOI and IPPFA involved in this as it could affect others in the same category. Ted Dutkiewicz spoke to the Police Board this morning about getting together with the Board Attorneys, the DOI, IPPFA and Allison Barrett at Lauterbach and Amen to see if an overall policy can be decided upon.

Alan Granite made a motion, seconded by Tracy Renfro, to authorize Board attorney and staff to pursue meetings with the other Board attorney and Allison Barrett with Lauterbach to work on the issue. A roll call vote was taken:

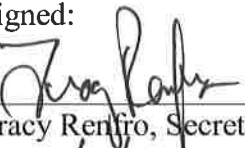
Ayes:	Alan Granite	Chris Black
	Tracy Renfro	
Absent:	Jim Strey	Michael White
Nays:	None	

VII. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 3:50 p.m.

Next regular meeting is September 18, 2013, at 8:30 a.m.

Signed:


Tracy Renfro, Secretary

9/18/13
Date

Prepared by:


Judith Yehling, Recording Secretary

9-18-13
Date

Approved by the Board of Trustees at its September 18, 2013, meeting.